



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott McCallum, Governor
Connie L. O'Connell, Commissioner

Wisconsin.gov

April 5, 2002

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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Re: Annual Independent Audit Reports - Chapter Ins 50, Wis. Adm. Code

This office is seeking information from each Wisconsin-domiciled insurer regarding its independent certified public accountant or accounting firm. Please respond to the attached survey for the past three years of completed audits. For insurers that are members of a holding company system, as defined in ch. Ins 40, Wis. Adm. Code, please answer questions #4-7 for the holding company system in total and separately for each Wisconsin-domiciled insurer in the group. Please return your survey form by mail. You may respond using the enclosed forms, or you may use a copy of the survey forms from OCI's Web site at: <http://oci.wi.gov/ociforms.htm#companyspec> (form OCI 25-005).

Since this office does not conduct annual financial examinations of its domestic insurers, we place substantial reliance on the annual CPA audit reports in providing us comfort that the financial information contained in the annual financial statements filed by insurers with this office is reasonably stated. Many of our regulatory decisions are the result of the financial analysis we perform on insurers' filed annual financial statements. It is therefore vital that these annual statements accurately depict the insurers' financial condition. Also, in accordance with s. Ins 50.13 (3), Wis. Adm. Code, we rely on and use the independent auditors' workpapers, to the extent possible, in conducting our financial examinations, which results in more efficient regulatory examinations. To that end, it is imperative that the insurer be an active participant in making sure that the requirements contained in ch. Ins 50, Wis. Adm. Code, are being met.

We request your response to the above pursuant to s. 601.42, Wis. Stat., within 10 days of your receipt of this letter. Thank you for your assistance. If you have any questions regarding this request for information, please call Stephen Caughill at (608) 267-2049.

Sincerely,

Connie L. O'Connell
Commissioner

Attachment

**State of Wisconsin
Office of the Commissioner of Insurance
Services Provided by Independent Certified Public Accountant**

Name of Wisconsin-Domiciled Insurer(s):

Name of Holding Company System or Ultimate Parent:

- (1) What is the name of the company's Independent Auditor/Auditing Firm? If the Auditor has affiliated consulting firms, name these firms also.

Name of Independent Auditor:

Affiliated Consulting Firm(s):

- (2) For how many years has the company engaged this firm as Auditor? If the company has engaged another firm as Auditor within the three prior years, name this firm also.

Engaged as Auditor Since:

Prior Auditor(s):

- (3) Who is the current audit partner? For how many years has this person been the audit partner?

Current Audit Partner:

Audit Partner Since:

- (4) Are there any accounting or financial management-level persons employed by the insurer (or holding company system) who were formerly employed by the current auditing firm? If so, please report the name of each person, position with the insurer, length of time employed by the insurer, and last position with the auditing firm.

- (5) Does the insurer (or lead company in the holding company system) have an audit committee of the board of directors? If yes, who are the members of the committee?

- (6) Does the insurer have an indemnity agreement or other contractual agreement with the CPA firm regarding the liability exposure of the CPA firm to the insurer or its affiliates as its certified public accountant? If yes, please attach a copy.

- (7) For the most recent three years in which an audit was completed, please report the fees billed for performance of a GAAP audit (if any), statutory audit, tax services, actuarial services, information technology services, internal audit outsourcing (or co-sourcing), loan staff arrangements, and all other consulting projects or services. Use page 2 of the survey. Definitions of the categories can be found on page 3 of the survey form.

Additional comments:

**State of Wisconsin
Office of the Commissioner of Insurance
Services Provided by Independent Certified Public Accountant**

Name of Wisconsin-Domiciled Insurer(s):

Name of Holding Company System or Ultimate Parent:

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Schedule of Services and Fees: (Question 7)

Description of Service	Fees Incurred:		
	Most Recent Completed Audit	First Prior Year	Second Prior Year
Indicate "as of" date (year-end)			
Annual Audit Services - GAAP			
Annual Audit Services - Statutory			
Tax Services			
Actuarial Services			
Information Technology Services			
Internal Audit Outsourcing			
Loan Staff Arrangements			
Other Consulting Projects			
TOTAL	\$	\$	\$

The above is a true and accurate response to the Commissioner's request for information under s. 601.42, Wis. Stat.

Title of Officer	Name of Officer (type or print)
Date	Signature of Officer

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Question 7 Category Definitions

Annual Audit Services—Performance of all work necessary to express an opinion on the financial statements.

Internal Audit Outsourcing (or Co-Sourcing)—A full outsource is when insurer or other entity does not have an internal audit function and hires the Independent Certified Public Accountant to perform this function. A co-source is when the Independent Certified Public Accountant assists the insurers existing internal auditors.

Actuarial Services—Insurers may hire the Independent Certified Public Accountant to prepare the Statement of Actuarial Opinion regarding loss and loss adjustment expense reserves or various other actuarial services.

Information Technology Services—These services may include new systems implementation, system enhancements, data security evaluation, penetration tests, back-up and recovery, etc.

Tax Services—Tax services may include tax preparation, tax planning, tax research and compliance and responding to taxing authorities. An insurer may fully outsource the tax function to the Independent Certified Public Accountant or may hire them for specific tax matters.

Loan Staff Arrangements—Any arrangement whereby employees of the Independent Certified Public Accountant are engaged by the company to perform duties normally performed by employees of the company, such as accounting or operational staff.

Other Consulting Projects—Refers to a project whereby the Independent Certified Public Accountant has specialized knowledge or special skills and are retained to provide advice or assistance on any matter. This category should include all services that do not fit into any of the categories listed above.